Unknown

From: Balash, Joseph R (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=JRBALASH]
Sent: Saturday, February 23, 2008 4:32 PM
To: Irwin; Tom E (DNR); Rutherford; Marty K (DNR); Galvin; Patrick S (DOR); Tibbles; Michael A (GOV); 'gov.sarah@yahoo.com'
Subject: Fw: Exxon's PTU Proposal

Steve's response...

----- Original Message -----

From: Steve Porter <stevenbporter@gmail.com>

To: Balash, Joseph R (GOV)

Sent: Sat Feb 23 16:28:03 2008

Subject: Re: Exxon's PTU Proposal

Joe,

I agree with you about expectations from the governor. I don't expect her to be perfect every time. I also figured she did not have time to be briefed otherwise she would not have stumbled over the DNR process. My only concern was that she sounded adversarial enough about the proposal that I thought the administration/DNR were considering rejecting it before it even got a chance of a thorough review. That is really my only concern.

Regarding the 3.5 bcf/d pipeline - my point was, without Point Thomson a 3.5 bcf/d pipeline is what you will get. - in essence the wrong size pipe. When Point Thomson does come on-line it ends up taking up cheap expansion space in a smaller pipe instead of participating in the first open season allowing TransCanada to build a larger pipe which would allow for a lot more cheaper expansion for future explorers.

Regarding issues being worked out in the next couple of months, there are a couple of issues I think can be worked out in the next couple of months and Point Thomson is one of them. Exxon has submitted a Plan of Development. DNR normally would be able to review the plan and respond in that amount of time. Luckily the court also put a deadline on DNR so that they will be required to come to a decision in a reasonable amount of time.

With the Point Thomson issue behind us we will be able to focus on the main issue which is what can the state do the enhance the likelihood of a successful open season.

By the way my initial briefing to her the night before would have been the one I wrote to you. Five minutes after I read the POD I could have sent you that message, in fact I almost did. It is pretty straight forward analysis and political strategy. For her it was just a missed opportunity.

Steve

On Sat, Feb 23, 2008 at 3:27 PM, Balash, Joseph R (GOV) <joe.balash@alaska.gov> wrote:

Steve,

I have not had a chance to listen to the governor's press availability so I am not sure what is troubling you. However, I can tell you that there has been limited opportunity for the DNR team to review and brief the commissioner, never mind the governor. There was an initial review the night it came in and then we hit the road for the townhall meetings. I don't see how she can be expected to provide the type of comments you suggested without the benefit of such briefing.

Another thing I can tell you with confidence is that Exxon will absolutely get an opportunity to present their remedy with fair consideration. But you have hit the nail squarely on the head with regards to one of the difficult questions the commissioner will have to answer: can we take Exxon at their word? I'm glad I don't have to make that decision.

As for sizing the pipeline, my reading of the TransCanada application suggests that they would consider 3.5 bcf/d in commitments a successful open season. I think we have talked about this previously. The volume committed by each company matters, sure, but so does the term. As Cathy foerster said to the resources committee in the senate, PBU can supply that without much problem. As you and I both know, however, that volume can't be sustained for 15 years let alone the 25 years the initial recourse rates are likely to require. There will have to be other sources of supply necessary and PTU can one of those sources. Its too bad that Exxon and BP haven't been exploring in NPR-A like Conoco. If they had, they might be better positioned to participate in the open season.

Undoubtedly, there are a whole bunch of big, moving parts that need to be coordinated and PTU is one of them. I just hope you aren't expecting them to be worked out in the next two months...I hope we can agree that is an unrealistic expectation.

Joe

----- Original Message -----

From: Steve Porter <stevenbporter@gmail.com>

To: Balash, Joseph R (GOV)

Cc: Wilken, Jessica M (GOV)

Sent: Sat Feb 23 14:15:29 2008

Subject: Exxon's PTU Proposal

Joe,

I listened to the Governor's press availability a couple of times and read Wes Loy's ADN article regarding Exxon's Point Thomson Unit proposal. I want to make sure the governor understands what DNR requested in their Director's decision regarding the 22nd POD and what Exxon proposed most recently. Basically what Exxon proposed far exceeds what DNR requested and what DNR represented to the court it needed from a Point Thomson POD. The governor's statement sounded like she did not understand that the state stood up to Exxon and won.

She missed the opportunity to claim victory. Weeks or months from now when DNR approves Exxon's plan it will be old news. She could have said,"It looks like Exxon finally listened to the State and proposed a plan to produce Point Thomson. The Exxon proposal is in response to a deadline from the court process. Without taking them to court we may never have seen this proposal. We are still concerned that Exxon will perform what it proposes. DNR will hold a hearing on the proposal on March 3rd. They will make the decision if the plan is sufficient and if they can be assured that Exxon will perform what it proposes. ......".

It is clear from talking to Exxon that they will perform what is in the plan. This proposal not only gives DNR what it requested from Exxon, it allows Point Thomson to be ready to show up to a binding open season within a couple of years.

I heard Kurt Gibson respond to someone recently in response to the AG's office saying that Point Thomson litigation won't be settled until 2010 or 2011, he said that first gas is about 10 years away and Point Thomson will certainly be settled by then. (not his exact words but the intent of his words). The impression he left was that Point Thomson litigation is not a problem, but he is wrong.

The real Point Thomson question is will it be ready for the first binding open season prior to the submittal of the FERC application. Someone is forgetting that the size of the pipeline will be determined by the binding open season. You end up with a different size pipe if you only have Prudhoe Bay gas to commit to the binding open season. If any of the DNR folks tell you differently they will have to make suggestions that can easily be refuted.

One of my biggest concerns with an open season, which I have not talked about publicly, was Point Thomson. For a 4.5 bcf/d pipeline to be a reality, we need both Point Thomson and Prudhoe Bay to show up at the open season. Exxon's proposal gives the state what it needs and gives the TransCanada a chance for success at their open season.

If the state finds a way to snatch defeat out of the jaws of victory, there can still be a successful open season, but it will just require a smaller pipeline and less value to the state, - not a good way to maximize the benefits to the people of the state.

As you can tell from this e-mail, I think that the Exxon proposal is a good solution. The state needs to assure itself that Exxon will perform what it proposes, but beyond that, this meets everything the state told the court it needed. I have negotiated with Exxon many times and when the say they give you an unconditional commitment to perform, they will do it.

Please convey my concerns to the governor. I would be glad to talk to you or her or DNR any time you want regarding this issue either from a legal or project standpoint.

Jessica asked me to cc her on this e-mail;so, I have done so. She is trying to make sure my communications get to you while you are on the road. Good job standing up to Exxon and getting a reasonable plan for moving forward.

Thanks for considering my thoughts.

Steve Porter

Unknown

From: gov.sarah@yahoo.com
Sent: Saturday, February 23, 2008 1:52 PM
To: Ruaro; Randall P (GOV)
Subject: Re: Scanned from IM6530Exec [E-Mail_Recipients]

Thank you

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "Ruaro, Randall P (GOV)" <randall.ruaro@alaska.gov>

Date: Sat, 23 Feb 2008 13:53:59

To:ExternalEmailgsp <gov.sarah@yahoo.com>

Subject: RE: Scanned from IM6530Exec [E-Mail_Recipients]

Governor:

Commissioner Von Scheben did tell me most of the funding (over a million dollars) would come from the Denali Commission. I can double check and get exact numbers for you on Monday.

Randy

-----Original Message-----

From: gov.sarah@yahoo.com [mailto:gov.sarah@yahoo.com]

Sent: Saturday, February 23, 2008 1:48 PM

To: Ruaro, Randall P (GOV); Von Scheben, Leo (DOT)

Subject: Re: Scanned from IM6530Exec [E-Mail_Recipients]

Thanks Randy.

It's a $1.3 million project, correct? And the state is only responsible to 20-30 percent of that with Denali picking up most of the cost?

Sent from my BlackBerry(r) device from Cellular One

-----Original Message-----

From: "Ruaro, Randall P (GOV)" <randall.ruaro@alaska.gov>

Date: Sat, 23 Feb 2008 13:30:57

To:gov.sarah@yahoo.com, "Von Scheben, Leo (DOT)"
<leo.vonscheben@alaska.gov>

Subject: FW: Scanned from IM6530Exec [E-Mail_Recipients]

Governor / Commissioner Von Scheben:

The Governor's Office received a letter from the Mayor of Eagle and 4 of the 6 city council members. (Attached) The letter reaffirms their support for the road improvements which includes the dust control work. The letter also says the Council has polled and found a majority of the residents of Eagle are in favor of the going ahead with the project. The news coverage on the issue seems to have greatly exaggerated the level of opposition to the project.

I believe the Denali Commission (which is funding 70-80% of the work) would like to go ahead with the project.

Commissioner. Are there further steps to gauge local support that you would like DOT to take before moving ahead?

Randy

-----Original Message-----

From: Your Name [mailto:your_email@here.com]

Sent: Saturday, February 23, 2008 1:44 PM

To: Ruaro, Randall P (GOV)

Subject: Scanned from IM6530Exec [E-Mail_Recipients]

Scanned from IM6530Exec

Public Scan

E-Mail_Recipients

Date:2008/02/23

Pages:1

Resolution:200

Unknown

From: gov.sarah@yahoo.com
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Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "Ruaro, Randall P (GOV)" <randall.ruaro@alaska.gov>

Date: Sat, 23 Feb 2008 13:30:57

To:gov.sarah@yahoo.com, "Von Scheben, Leo (DOT)" <leo.vonscheben@alaska.gov>

Subject: FW: Scanned from IM6530Exec [E-Mail_Recipients]

Governor / Commissioner Von Scheben:

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From: Your Name [mailto:your_email@here.com]

Sent: Saturday, February 23, 2008 1:44 PM

To: Ruaro, Randall P (GOV)

Subject: Scanned from IM6530Exec [E-Mail_Recipients]

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Public Scan

E-Mail_Recipients

Date:2008/02/23

Pages:1

Resolution:200

Unknown

From: gov.sarah@yahoo.com
Sent: Saturday, February 23, 2008 9:47 AM
To: Mason; Janice L (GOV)
Cc: Perry; Kristina Y (GOV)
Subject: Re: Texas

Hold off til i can sched a few things at once w that trip. Thanks

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "Mason, Janice L (GOV)" <janice.mason@alaska.gov>

Date: Sat, 23 Feb 2008 09:37:11

To:gov.sarah@yahoo.com

Cc:"Perry, Kristina Y (GOV)" <kris.perry@alaska.gov>

Subject: Re: Texas

I will confirm with RGA on Monday for this one. They also need your boot size as they will be having cowboy boots made for you. Janice

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Sent using BlackBerry

----- Original Message -----

From: gov.sarah@yahoo.com <gov.sarah@yahoo.com>

To: Mason, Janice L (GOV)

Cc: Perry, Kristina Y (GOV)

Sent: Sat Feb 23 04:20:36 2008

Subject: Texas

CEO of Shell and others will be at the Texas RGA mtg. I'd like to plan on that one - April 16-17, i realize it's right after session but would like to go bc it's an Energy Conf.

Sent from my BlackBerry® device from Cellular One

Unknown

From: gov.sarah@yahoo.com
Sent: Saturday, February 23, 2008 8:34 AM
To: Perry; Kristina Y (GOV); Leschper; Beth (GOV)
Subject: Re: Todd's info

Thanks. They must be behind.

Dont think he's having a whole lotta fun so far... I wish this were more his cup of tea.

I had a great meeting with McCain and a few other govs. Let me know if anyone hears from other campaign camps. Thanks.

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "Perry, Kristina Y (GOV)" <kris.perry@alaska.gov>

Date: Sat, 23 Feb 2008 08:28:33

To:gov.sarah@yahoo.com, "Leschper, Beth (GOV)" <beth.leschper@alaska.gov>

Subject: RE: Todd's info

Todd asked the picture to be changed out a couple months ago. Beth did send a new professional photo and bio corrections to NGA, but it was never changed. She did again - with an updated bio - earlier this week.

From: gov.sarah@yahoo.com [mailto:gov.sarah@yahoo.com]

Sent: Sat 2/23/2008 8:11 AM

To: Leschper, Beth (GOV)

Cc: Perry, Kristina Y (GOV)

Subject: Todd's info

Todd still needs his info (for things like NGA) to be updated. They're still using an old snowmachine picture of his- the other spouses have professional photos and updated bios.

So- we need to schedule that for him. Thanks

Sent from my BlackBerry® device from Cellular One

Unknown

From: gov.sarah@yahoo.com
Sent: Saturday, February 23, 2008 4:21 AM
To: Mason; Janice L (GOV)
Cc: Perry; Kristina Y (GOV)
Subject: Texas

CEO of Shell and others will be at the Texas RGA mtg. I'd like to plan on that one - April 16-17, i realize it's right after session but would like to go bc it's an Energy Conf.

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